

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 EA-07 IO-13 ISO-00 L-03  
FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05  
CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02  
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R 050921Z JUL 77  
FM USMISSION GENEVA  
TO SECSTATE WASHDC 8816  
INFO AMEMBASSY BRASILIA  
AMEMBASSY BRUSSELS  
AMEMBASSY JAKARTA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY PARIS

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USEEC, USOECD

E.O. 11652: N/A  
TAGS: UNCTAD, ETRD, EAGR  
SUBJECT: UNCTAD: PREPARATORY MEETING ON VEGETABLE OILS AND  
OILSEEDS, JUNE 27-JULY 1

SUMMARY: THE PREPARATORY MEETING N VEGETABLE OILS AND OIL-SEEDS HELD ITS FIRST MEETING JUNE 27-JULY 1 UNDER US (CHAIRMAN) AND DANISH (RAPPORTEUR) LEADERSHIP. THE MEETING RECOMMENDED THAT ITS WORK BE CONTINUED AT A SECOND SESSION WITH THE PARTICIPATION OF EXPERTS NOT LATER THAN FEBRUARY 1978 TO CONSIDER FURTHER THE MARKET SITUATION, THE MARKET OUTLOOK AND SEVERAL MEASURES PROPOSED DURING THE CURRENT MEETING. FURTHER ANALYSIS TO BE UNDERTAKEN BY THE UNCTAD AND FAO SECRETARIATS WAS OUTLINED. THE TONE OF THE MEETING WAS BUSINESSLIKE. END SUMMARY.

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1. THE FIRST MEETING OF THE UNCTAD PREPARATORY MEETING ON VEGETABLE OILS AND OILSEEDS MET JUNE 27-JULY 1 IN GENEVE. FIFTY-THREE COUNTRIES WERE REPRESENTED. THE PARTICIPANTS ASSOCIATED THEMSELVES AS PRODUCERS AND CONSUMERS, WITH THE US JOINING THE PRODUCERS' GROUP. THE CHAIRMAN OF THE PRODUCER GROUP WAS BRITO, BRAZILIAN PERM REP AT THE FAO, AND THE CHAIRMAN OF THE CONSUMER GROUP, FORT OF UK.

2. IN ORGANIZING THE SESSION, THE CONSUMERS AGREED TO SUPPORT THE PRODUCERS' NOMINATION FOR CHAIRMAN OF THE PREPARATORY MEETING AND ASEKD FOR PRODUCER ACCEPTANCE OF HEMPEL-JOERGENSEN OF DENMARK AS VICE-CHAIRMAN-CUM-RAPPORTEUR. AT THE INSISTENCE OF DEVELOPING PRODUCERS, IN PARTICULAR MALAYSIA, INDONESIA AND BRAZIL, WANAMAKER OF THE US DEL WAS PROPOSED AND ACCEPTED AS CHAIRMAN OF THIS MEETING WITH THE UNDERSTANDING THAT THESE OFFICERS WOULD SERVE IN SUBSEQUENT PREPARATORY MEETINGS ON VEGETABLE OILS.

3. AN AGREED PRODUCER STATEMENT NOTED PROBLEMS FACING DEVELOPING COUNTRY PRODUCERS (E.G., ACCESS TO MARKETS, MARKET INSTABILITY AND THE RESULTING FLUCTUATIONS IN EXPORT EARNINGS AND UNIT VALUES, AND DECLINING TREND IN REAL PRICES) AND CALLED FOR "URGENT ACTION AND/OR FURTHER ANALYSIS," WHICH WAS REFLECTED IN THE CONCLUSIONS OF THE MEETING. THE U.S. DEL JOINED IN THE PRODUCERS' STATEMENT, BUT NOTED SEPARATELY THAT IT COULD NOT ASSOCIATE ITSELF WITH THAT PART OF THE STATEMENT THAT CALLED FOR DEVELOPED COUNTRIES TO MAKE EVERY EFFORT TO EXTEND THEIR GSP SCHEMES AND TO PROVIDE FREE ACCESS FOR ALL OILSEED AND OIL PRODUCTS.

4. A CONSUMERS STATEMENT MADE THE FOLLOWING POINTS:  
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(A) THE MARKET FOR OILSEEDS AND OILS ARE COMPLICATED BY FACTORS SUCH AS THE SUBSTITUTABILITY WITH OTHER PRODUCTS INCLUDING ANIMAL FATS, MARINE OILS AND SYNTHETICS. FURTHER, OIL BY-PRODUCTS ALSO HAVE A WIDE RANGE OF SUBSTITUTES, FOR EXAMPLE, OIL CAKE AND CEREALS.

(B) OTHER FORA, NOTABLE GATT, ARE APPROPRIATE FOR SOME MATTERS RAISED IN THE UCTAD PAPER.

(C) THE MARKET FOR VEGETABLE OILS AND OILSEEDS IN DEVELOPING COUNTRIES IS OF GROWING IMPORTANCE AND NEEDS SPECIAL ATTENTION.

(D) CONSUMERS WISH TO ASSURE THE SECURITY OF THEIR SUPPLY AND THAT THESE SUPPLIES ARE RECEIVED ON A NON-DISCRIMINATORY BASIS.

(E) MORE WORK, PARTICULARLY CONCERNING THE FUTURE MARKET SITUATION, IS NEEDED.

5. IN ADDITION TO THE CONSUMER/PRODUCER STATEMENTS,

SEVERAL DELEGATIONS MADE INDIVIDUAL STATEMENTS. AMONG POINTS STRESSED BY THE US DELEGATE (TAYLOR) WAS THE NEED TO ASSESS THE MANNER IN WHICH MARKETS WERE FUNCTIONING, PROBLEMS IN THESE MARKETS AND THE MARKET OUTLOOK BEFORE CONCLUSIONS WOULD BE REACHED ON SPECIFIC POLICY MEASURES CONCERNING VEGETABLE OILS AND OILSEEDS.

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6. THE EC DELEGATE LAID PARTICULAR STRESS ON THE CONSUMERS' NEED FOR AN ASSURANCE OF SUPPLIES. SEVERAL DEVELOPING COUNTRY PRODUCER REPS RESPONDED BY ASSERTING THAT SUPPLIES COULD BE ASSURED BY INCREASING ACCESS TO DEVELOPED COUNTRY MARKETS AND THAT PRODUCTION OF PALM OIL, IN PARTICULAR, WAS HIGHLY PREDICTABLE.

7. THE MEETING CONCLUDED BY RECOMMENDING THAT ITS WORK BE CONTINUED AT A SECOND SESSION TO BE HELD WITH THE FULL PARTICIPATION OF EXPERTS NOT LATER THAN FEBRUARY 1978 TO CONSIDER FURTHER AND MAKE RECOMMENDATIONS AND PROPOSALS, INTER ALIA, ON THE FOLLOWING:

(A) OPERATIONS AND IMPROVEMENT OF NATIONAL STOCKING AND

STORAGE POLICIES AND PRACTICES FOR THE MAJOR OILSEEDS  
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AND OILS, INCLUDING THE FINANCIAL AND TECHNICAL ASSISTANCE WHICH WOULD BE REQUIRED TO ESTABLISH AND IMPROVE STORAGE FACILITIES AND TO DEVELOP MORE EFFECTIVE STOCKING POLICIES IN DEVELOPING COUNTRIES;

(B) FEASIBILITY OF THE OPERATION OF NATIONAL STOCKS OF A RANGE OF VEGETABLE OILS AND OILSEED PRODUCTS, INTERNATIONALLY COORDINATED OR OTHERWISE, AS A MEASURE OF REDUCING INSTABILITY IN THE MARKET AND IMPROVING EXPORT EARNINGS OF DEVELOPING EXPORTERS;

(C) PROMOTION OF PURCHASES FROM EXPORTING DEVELOPING COUNTRIES FOR DELIVERY TO NET IMPORTING DEVELOPING COUNTRIES;

(D) ROLE OF COMPENSATORY FINANCIAL ARRANGEMENTS IN HELPING TO STABILIZE EXPORT EARNINGS OF DEVELOPING COUNTRIES EXPORTING OILSEEDS AND PRODUCTS;

(E) ROLE OF RESEARCH AND DEVELOPMENT AND IMPROVED MARKET INTELLIGENCE IN IMPROVING THE COMPETITIVE POSITION OF DEVELOPING COUNTRIES IN THE FIELD OF VEGETABLE OILS, OILSEEDS AND OILSEED PRODUCTS AND INCREASING THEIR EXPORT EARNINGS;

(F) ANALYSIS OF THE INFRASTRUCTURE OF THE VEGETABLE OIL PROCESSING INDUSTRY AS WELL AS FACTORS AFFECTING LOCATION OF PROCESSING FACILITIES AND THEIR EFFECT ON THE EXPORT EARNINGS OF DEVELOPING COUNTRIES.

8. IN ADDITION, THE SECRETARIAT OF UNCTAD IN COOPERATION WITH FAO, WAS REQUESTED TO PREPARE FURTHER ANALYSIS AND BACKGROUND MATERIAL TO INCLUDE IDENTIFICATION OF RELEVANT PRODUCTS, SUBSTITUTABILITY AND INTER-

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CHANGEABILITY, CROSS ELASTICITIES, PERISHABILITY AND STORABILITY, VOLUME AND STRUCTURE OF TRADE, VALUE OF TRADE, WORLD PRICES, CHANGES AND ADEQUACY OF STOCKS, INFRASTRUCTURE INCLUDING STORAGE AND PROCESSING FACILITIES, NATIONAL STOCKING POLICIES, LONG-TERM SUPPLY/DEMAND OUTLOOK THROUGH 1985, AND STABILITY/INSTABILITY OF VOLUMES AND PRICES.

9. FINALLY, THE PREPARATORY MEETING RECOMMENDED THAT, WITHIN THE APPROPRIATE FORA, EFFORTS BE MADE TO ELIMINATE OR REDUCE PROGRESSIVELY THE EXISTING TARIFF AND NON-TARIFF BARRIERS AND TO EXTEND AND IMPROVE THE GENERALIZED SYSTEM OF PREFERENCES.

10. COMMENT: SEVERAL FACTORS CONTRIBUTED TO THE BUSINESSLIKE AND NON-POLEMICAL TONE OF THIS MEETING. DEVELOPING PRODUCERS WERE DOMINATED BY THE BRAZILIAN DELEGATE, WHO WAS NOT SEEKING AMBITIOUS INTERNATIONAL ACTION IN THIS SECTOR. THE PHILIPPINES, WHICH MIGHT HAVE SOUGHT MEASURES TO ADDRESS PROBLEMS UNIQUE TO THE COCONUT INDISTRY DID NOT PLAY AN ACTIVE ROLE. THE DEVELOPING PRODUCER COUNTRIES MOST ENTHUSIASTICALLY BEHIND URGENT ACTION WERE MALAYSIA AND INDONESIA, BOTH REPRESENTED BY THEIR GENEVA REPRESENTATIVES (ADLAN AND AMBASSADOR ALATAS) WHO APPEARED MOTIVATED MORE BY A DESIRE TO PROMOTE THE INTEGRATED PROGRAM FOR COMMODITIES THAN BY ANY PRESSING INTEREST TO DO SOMETHING SPECIFIC IN THE VEGETABLE OILS AND OILSEEDS SECTOR. FINALLY, WORKING ACTIVELY WITHIN THE PRODUCERS' GROUP, THE US DELEGATION WAS ABLE TO RESOLVE NORTH-SOUTH ISSUES WHICH COULD HAVE BEEN MORE TROUBLESOME IF JOINED IN PLENARY SESSIONS.

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## Message Attributes

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